

Topics in Public Policy Design and Evaluation for Economists

Eltecon MA, second year

Fall 2013

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Sponsor:

Class: 2X90mins Tuesday 4:00 pm room ÉT 0.58, Thursday 2:00 pm room 6.101

Content: The class covers several facets and methods of public policy, with special focus on quantitative evaluation of policy interventions using econometrics. The course stresses independent group work.

Learning goals: upon completing the course, students should have an appreciation for the different tasks arising around the public policy process, the pitfalls occurring during it. If what they do requires them to work on such issues, they should be able to communicate with colleagues and partners who are not economists about policy goals, alternatives, decisions, etc. More narrowly, they should have at least a beginner's level understanding of goals and methods concerning the positions around the process that as trained economists they can be called upon to fill. They should also have some understanding of what methods are opportune to evaluate individual policy interventions and should, with guidance, be able to carry out elements of such an evaluation.

Prerequisites: Microeconomics, Econometrics, Public Economics.

Grading: On the curve. 30% homework exercises and in-class quizzes, 20% presence and active participation in class, 50% group work.

Readings:

Bardach: A Practical Guide for Policy Analysis 4th ed. Sage 2012 (B)

Howlett, Ramesh and Pearl: Studying Public Policy 3rd ed. Oxford UP 2009 (HRP)

Gajduscsek-Hajnal: Közpolitika. HVG-ORAC 2010 (G-H)

Oxford Handbook of Public Policy (OHP)

Khandker - Koolwal - Samad (2010): *Handbook on Impact Evaluation: Quantitative Methods and Practices* (KKS)

Invited guest lecturer: to be confirmed

Four topics for group work:

- a. **Subsidized Job Training**
- b. **Subsidized Work Demonstration for the long-term unemployed**
- c. **The Effect of Alcohol Consumption on Mortality**
- d. **The Effects of a Change in the Compulsory Schooling Age**

Topics covered:

- Introduction, course matters, grading, goals. Group formation. Public Policy – What is it
- Prerequisites and constraints: a refresher: Public Economics, Law (+ Economics), Political Science, Moral Philosophy, History
- The Context of Public Policy: institutions, actors, ideas, instruments I-II
- The Policy Cycle: intro and examples
- The Policy Cycle: evaluation: qualitative, choice and intro, examples and interface to (quantitative) evaluation block
- Intro to the use of Stata
- The Policy Cycle: Agenda setting and Policy Design I
- Intro to Impact Evaluation: fundamentals
- The Policy Cycle: Agenda setting and Policy Design II
- Random experiments
- The Policy Cycle: Decision Making and Implementation
- Matching methods
- Alternative Models of Policy Formation
- Difference-in-differences
- Arguing and Bargaining: the Ethics of Wonks
- Instrumental Variables
- Group work session
- Regression Discontinuity
- Policy design in real life: Invited lecture and Q+A session
- Distributional Effects
- Equilibrium Effects
- Group work: presentations

Important health warning: this is the first time we do this. Be patient with us.